

Message Text

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PAGE 01 STATE 030435
ORIGIN EB-08

INFO OCT-01 ARA-06 ISO-00 COME-00 FMC-01 CIAE-00 DODE-00
DOTE-00 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06
L-03 XMB-02 TRSE-00 STR-04 SS-15 NSC-05 OMB-01 /066 R

DRAFTED BY EB/TCA/MA:RKBANK:BST
APPROVED BY EB/TCA/MA:RKBANK
MARAD:RBOURDON
ARA/ECP:DTAHER
ARA/ECA:DVANTREECK
FMC:TCHRISTENSEN(SUBS)
-----101852Z 128027 /42
P R 101825Z PEB 77
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES PRIORITY
INFO AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: EWWT, AR

SUBJECT: ARGENTINE CARGO PREFERENCE MEASURE

REF: STATE 27978

1. DEPARTMENT AND U.S. MARITIME ADMINISTRATION (MARAD)
HAVE DISCUSSED PROBLEMS ARISING OUT OF IMPLEMENTATION OF
RESOLUTION 507 WITH AFFECTED LINES AND HAVE DETERMINED
THAT AS FIRST STEP THE FOLLOWING COURSE OF ACTION SHOULD
BE TAKEN:

A) HAND-DELIVERY BY REGIONAL MARITIME ATTACHE KINSELLA OF
LETTER FROM ASSISTANT SECRETARY OF COMMERCE FOR MARITIME

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PAGE 02 STATE 030435

AFFAIRS ROBERT J. BLACKWELL TO CAPITAN DE NAVIO CARLOS
N.A. GUEVARA, SECRETARIA DE ESTADO DE INTERESES MARITIMOS,
MINISTERIO DE ECONOMIA, BUENOS AIRES, ARGENTINA (SEE
PARA 4 BELOW). FYI: BLACKWELL HAD ESTABLISHED PERSONAL
RELATIONSHIP WITH GUEVERA DURING FORMER'S VISIT TO ARGEN-
TINA LAST SEPTEMBER. END FYI.

B) APPROPRIATE EMBOFF TO ACCOMPANY KINSELLA TO MINISTRY AND IN TONE SIMILAR TO THAT OF LETTER, INFORM GUEVERA AND OTHER APPROPRIATE MINISTRY OFFICIALS THAT USG IS EXTREMELY CONCERNED WITH THE ENACTMENT AND IMPLEMENTATION OF RESOLUTION 507; THAT THE AFFECTED U.S. LINES HAVE LODGED COMPLAINTS WITH THE USG; AND THAT THE LINES ARE CONSIDERING LEGAL RECOURSE IN VARIOUS U.S. FORA WHICH COULD VERY WELL RESULT IN COUNTERVAILING ACTION IMPOSED ON ELMA VESSELS AND ARGENTINE CARGOES. EMBOFF SHOULD NOTE THAT FORMAL ACTION BY LINES COULD CIRCUMVENT INTERGOVERNMENTAL CHANNELS, THEREBY REMOVING ISSUE FROM DIPLOMATIC ARENA.

2. THE FOLLOWING PROVIDES BACKGROUND ON RELEVANT U.S. LAW AND REGULATION:

MANDATORY ALLOCATION OF COMMERCIAL CARGO IN U.S. TRADES WOULD BE CONSIDERED DISCRIMINATORY UNDER A NUMBER OF U.S. LAWS, INCLUDING THE MERCHANT MARINE ACT OF 1920, THE TRADE ACT OF 1974, AND PUBLIC RESOLUTION 17.

THE MERCHANT MARINE ACT OF 1920 WOULD ENABLE EITHER U.S. OR THIRD-FLAG CARRIERS OPERATING IN THE U.S.-ARGENTINE TRADE TO REQUEST FEDERAL MARITIME COMMISSION ACTION UNDER SECTION 19 OF THAT ACT. SECTION 19 PROVIDES FOR IMPOSITION OF COUNTERVAILING MEASURES ON VESSELS OF NATIONS WHICH DISCRIMINATE AGAINST U.S. FLAG SHIPPING.

SECTION 301 OF THE 1974 TRADE PROVIDES THAT QUOTE WHEN-LIMITED OFFICIAL USE

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PAGE 03 STATE 030435

EVER THE PRESIDENT DETERMINES THAT A FOREIGN COUNTRY OR INSTRUMENTALITY ... ENGAGES IN DISCRIMINATORY OR OTHER ACTS OF POLICIES WHICH ... BURDEN OR RESTRICT U.S. COMMERCE (DEFINED TO INCLUDE SERVICES), (HE) SHALL TAKE ALL APPROPRIATE AND FEASIBLE STEPS WITHIN HIS POWER TO OBTAIN THE ELIMINATION OF SUCH RESTRICTIONS....UNQUOTE. THESE STEPS MAY INCLUDE THE IMPOSITION OF DUTIES OR OTHER IMPORTANT RESTRICTIONS ON THE PRODUCTS OF SUCH FOREIGN COUNTRY OR INSTRUMENTALITY.

PUBLIC RESOLUTION 17 PROVIDES THAT ALL EXPORT-IMPORT BANK FINANCED CARGOES MUST BE CARRIED IN U.S.-FLAG VESSELS, EXCEPT THAT THE MARITIME ADMINISTRATION MAY GRANT GENERAL WAIVERS ALLOWING THE RECIPIENT COUNTRY'S VESSELS TO CARRY UP TO FIFTY PERCENT WHEN IT IS SATISFIED THAT RECIPIENT GOVERNMENT PROVIDES QUOTE FAIR AND EQUITABLE TREATMENT UNQUOTE FOR U.S.-FLAG SHIPPING. SHOULD RESOLUTION 507 BE IMPLEMENTED, IT IS INCONCEIVABLE THAT

MARAD CONTINUE TO GRANT A GENERAL WAIVER TO ARGENTINA,
AND ARGENTINE SHIPS WOULD THUS BE PRECLUDED FROM CARRYING
EXIMBANK FINANCED CARGO.

3. EMBASSY SHOULD STRESS U.S. DESIRE TO RESOLVE PROBLEMS
AMICABLY AND TO AVOID USG-GOA CONFRONTATION.

4. TEXT OF LETTER:

QUOTE

DEAR CAPTAIN GUEVARA:

IT HAS COME TO MY ATTENTION THAT ENACTMENT OF RESOLUTION
NO. 507 AND THE ESTABLISHMENT OF ITS IMPLEMENTING PROCEDURES
BY THE GOVERNMENT OF ARGENTINA POSE SERIOUS DIFFICULTIES
FOR W.S.-FLAG VESSELS IN THE U.S.-ARGENTINA TRADE. WHILE
I AM CERTAIN THESE ACTIONS WERE NOT INTENDED TO DISRUPT
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PAGE 04 STATE 030435

OUR TRADE NOR TO INTERFERE WITH THE GROWING BENEFICIAL
RELATIONSHIP BETWEEN OUR RESPECTIVE NATIONAL MERCHANT
FLEETS, I FEAR, NEVERTHELESS, THEY COULD ADVERSELY IMPACT
UPON SUCH TRADE AND RELATIONSHIP UNLESS WE ACT SWIFTLY AND
TAKE A PERSONAL INTEREST IN RESOLVING ANY MISUNDERSTANDINGS
OCCASIONED BY THEM.

AT FIRST GLANCE THE ENACTMENT OF RESOLUTION NO. 507 AND ITS
IMPLEMENTING PROCEDURES APPEAR TO DENY U.S. EXPORTERS THE
RIGHT TO ARRANGE FOR THEIR OWN OCEAN TRANSPORTATION AND TO
RESTRICT THEIR ABILITY TO DEAL DIRECTLY WITH ESTABLISHED
OCEAN CARRIERS IN THE TRADE. FURTHERMORE, THE
TRADITIONAL RIGHT OF U.S.-FLAG CARRIERS TO DIRECTLY
SOLICIT AND CONTRACT FOR THE CARRIAGE OF U.S. EXPORTS TO
ARGENTINA HAS BEEN JEOPARDIZED BY ENACTMENT OF THIS
RESOLUTION.

I WOULD HOPE YOU COULD CONSIDER THE SUSPENSION OF RESOLUTION
NO. 507 UNTIL SUCH TIME AS WE HAVE HAD AN OPPORTUNITY TO
RESOLVE THIS MATTER. I WOULD BE RECEPTIVE TO ANY REASON-
ABLE FORMAT YOU MAY SUGGEST FOR RESOLVING THIS PROBLEM.

I TAKE THIS OPPORTUNITY TO EXTEND MY BEST WISHES TO YOU
AND YOUR STAFF AND TO REITERATE MY STRONG INTEREST IN
CONTINUING THE IMPROVEMENT OF U.S.-ARGENTINA MARITIME
RELATIONS BEGUN LAST SEPTEMBER.

ROBERT J. BLACKWELL

UNQUOTE.

VANCE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE CARGO, RESOLUTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: RKBANK:BST
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Expiration:
Film Number: D770048-0493
Format: TEL
From: STATE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770292/aaaafycf.tel
Line Count: 176
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Litigation History:
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Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3459135
Secure: OPEN
Status: <DBA CORRECTED> jms 970910
Subject: ARGENTINE CARGO PREFERENCE MEASURE
TAGS: EWWT, AR, US
To: BUENOS AIRES
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/b9539cce-c288-dd11-92da-001cc4696bcc
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